

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL**

**AUDIT OF SELECTED FUNCTIONS
AT THE DISTRICT DEPARTMENT
OF TRANSPORTATION**



**CHARLES C. MADDOX, ESQ.
INSPECTOR GENERAL**

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



September 24, 2002

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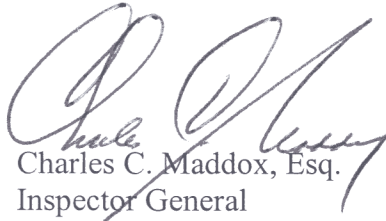
Dear Mr. Tangherlini, Mss. Carolan, Hotaling, Teal, and Rich:

Enclosed is our final report summarizing the results of the Office of the Inspector General's Audit of Selected Functions at the District Department of Transportation (DDOT), OIG No. 01-2-16KA. DDOT was formerly known as the District Division of Transportation, which was a division within the Department of Public Works (DPW).

The report includes 3 findings and 22 recommendations to management. We received responses from DDOT, DPW, the D.C. Office of Personnel, and the Office of the Corporation Counsel that satisfactorily resolve each of the 22 recommendations. The Interim Corporation Counsel plans to provide an additional response on about October 30, 2002, which we expect will contain target dates or completion dates for action management has agreed to implement in connection with Recommendation 1.

We appreciate the cooperation and courtesies extended to our staff during the audit. If you have questions regarding this report, please call me or William J. DiVello, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles C. Maddox".

Charles C. Maddox, Esq.
Inspector General

Enclosure

CCM/ws

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EXECUTIVE DIGEST

OVERVIEW

This report summarizes the results of the Office of the Inspector General's (OIG) review of the District Department of Transportation's (DDOT) financial disclosure statements, time and attendance practices in DDOT's Plant Inspections Branch, and the administration of consulting service contracts that support the agency's Project Management Services Division, Infrastructure Project Management Administration. In addition, the report addresses systemic problems we found with the District's financial disclosure system that need to be addressed at the District level.

The review was part of our overall effort to audit the agency's activities as requested by the Deputy Mayor/City Administrator and the Acting Director, DDOT. The Acting Director, DDOT, also requested us to specifically review time and attendance procedures in its Plant Inspections Branch, which is a unit within the Infrastructure Project Management Administration.

At the time of our on-site work, DDOT was known as the District Division of Transportation, a division of the Department of Public Works (DPW). Accordingly, our recommendations are sometimes jointly directed to DPW and DDOT.

CONCLUSIONS

The report includes three findings. We found that there is a need to improve controls related to the District-wide financial disclosure system and locally at DPW/DDOT. We also found that DDOT had not established internal controls over reporting time and attendance of the inspectors working at remote industrial plant sites. Finally, during our review of time and attendance, we found that DDOT section chiefs supervised contractor employees working for the Project Management Services Division as if they were District employees. Such supervision violates personnel and procurement regulations and the terms of two contracts.

CORRECTIVE ACTIONS

We made 22 recommendations to correct the deficiencies we noted in the report. Fourteen recommendations were directed at improving the financial disclosure statement process both within DPW/DDOT and for the District overall. Five recommendations were made to improve internal controls over the time and attendance process exercised over plant inspectors at remote sites. The final three recommendations centered on improving controls in the administration of consulting service contracts.

We met with representatives the District Ethics Counselor, DCOP, and OCC on May 23, 2002, May 24, 2002, and June 5, 2002, respectively, to further discuss the findings and recommendations of interest to them. We also held a teleconference with the Director,

EXECUTIVE DIGEST

DDOT, on June 18, 2002. These meetings were useful, and we are particularly encouraged by each official's understanding of the need to devote more resources to, and establish better controls over, the ethics program and the financial disclosure statement process.

District management has completed or proposed appropriate corrective action for all 22 recommendations. Accordingly, all recommendations are resolved. See Exhibit 8 for a summary of potential monetary benefits.

INTRODUCTION

BACKGROUND

At the time of our on-site work, DDOT was known as the District Division of Transportation, a division of the Department of Public Works (DPW). Since that time, DDOT has become a District agency separate from DPW. In the final report, recommendations initially directed to DPW have been redirected to the District Department of Transportation where appropriate.

The OIG completed a review of DPW/DDOT's financial disclosure statements and related procedures and of time and attendance practices in DDOT's Plant Inspections Branch. The review was part of our overall effort to audit the agency's activities as requested by the Deputy Mayor/City Administrator. The Acting Director, DDOT, requested that we specifically review time and attendance procedures in its Plant Inspections Branch, which is a unit within the Infrastructure Project Management Administration.

Prior to this report, we issued a draft Management Alert Report (MAR No. 01-A-09), dated May 9, 2001, regarding financial disclosure statements that addressed significant problems in the District's financial disclosure process. Exhibits 1 through 3 include the entire text of management responses to the findings and recommendations reported in the MAR. The conditions and recommendations presented by the MAR are now included in Finding 1 of this report.

District management has completed or proposed appropriate corrective action for all 22 recommendations. Accordingly, all recommendations are resolved. Exhibits 4 –7 provide final managements responses to the recommendations in a draft of this report. For your convenience, we have summarized applicable management responses after each recommendation.

Financial Disclosure Statements. Background information useful to understanding the findings includes statutory authority, regulations, delegations of authority, and specific disclosure requirements. Statutory authority for employee conduct, including financial disclosures, is codified at D.C. Code §§ 1-618.01 – 1-618.03 (2001).¹ These Sections, in part, require District employees subject to the Comprehensive Merit Personnel Act to maintain a high level of ethical conduct in performing their duties and refrain from taking, ordering, or participating in any official action that would adversely affect the confidence of the public in the integrity of the government. *Id.* Further, the Mayor shall issue rules and regulations governing ethical conduct of employees. *See* D.C. Code § 1-618.01(b).

Mayor's Order 2000-83 and the relevant order it replaced, Order 80-78, delegates to the D.C. Office of Personnel (DCOP) Director the authority vested in the Mayor to issue

¹ These provisions were previously codified at D.C. Code §§ 1-619.1 – 1.619.3 (1981).

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(with the concurrence of the City Administrator or the Mayor) rules and regulations that implement the Comprehensive Merit Personnel Act of 1978. Accordingly, the D.C. Personnel Manual (DPM), Chpt. 18, provides the regulations and implementing guidance and procedures.

Mayor's Order 82-136a, dated July 7, 1982, appointed the District's Corporation Counsel as the D.C. Ethics Counselor. The Corporation Counsel's Office Order 13-98, dated May 27, 1998, as authorized by Mayor's Order 80-78, which was in effect at the time, re-delegated this authority to an Office of the Corporation Counsel senior attorney. While not specified in these delegations, the authority and responsibility of the D.C. Ethics Counselor are set forth in DPM Chpt. 18. Specifically, DPM § 1811.1 provides that the D.C. Ethics Counselor shall be responsible for advising agency heads and ethics counselors with respect to their obligations and responsibilities, coordinating the activities of agency ethics counselors, and coordinating and enforcing the financial disclosure system. *Id.*

The financial disclosure system provides for "each agency head . . . [to] identify employees performing policy-making, contracting, or purchasing functions, or functions in which meaningful decisions are made respecting private organizations." DPM § 1813.2. Such employees are required to submit a Confidential Statement of Employment and Financial Interests form (D.C. Form 35) annually, when the reported information changes, and within 10 days of filling a position that requires a statement. *See* DPM § 1813.16. DPM § 1813.5 requires agency heads to submit a list of employees who have been designated to complete a disclosure statement to the D.C. Ethics Counselor by April 30th of each year. As per a separate request by the D.C. Ethics Counselor, agency heads are also to designate an ethics counselor and submit to the D.C. Ethics Counselor the name of the individual designated. *See* DPM § 1811.2. Employees must submit their completed statements to either the agency head or his/her designee by May 15th. The D.C. Ethics Counselor and the DPM require agency heads or their designees to report, by June 15th, the designated employees who did and did not file the disclosure statement. *See generally* DPM § 1813.

Time and Attendance. We also completed a limited review of time and attendance activity in the Plant Inspections Branch, Infrastructure Project Management Administration. The Acting Director, DDOT, requested that the OIG review the accuracy of time charged by plant inspectors during FY 2001. The Acting Director was concerned that plant inspectors in the past may have claimed pay for overtime and night differential at the same time. The inspectors were not eligible to claim night differential because their regularly scheduled tour of duty was performed between 6:30 a.m. and 3:00 p.m. For entitlement to night differential pay, the employee must work a regular tour of duty between 6:00 p.m. and 6:00 a.m. (*See* DPM Chpt. 11B § 7.4A)

The Plant Inspections Branch performs quality and process controls for all DDOT transportation projects. The Branch monitors the operations of concrete and asphalt plants

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supplying materials to DDOT projects. This includes inspecting stockpile materials, collecting samples from batch plants, verifying the proper operation of machinery and test equipment, and conducting tests in accordance with the American Association of State Highway Transportation Officials and the American Society of Testing and Materials standards for a variety of materials. The Branch also provides technical assistance to project engineers regarding concrete, soil, and asphalt mix designs.

As of May 14, 2001, the Plant Inspections Branch had eight employees and three contract employees. At the time of our review, the District received asphalt and concrete materials from six plants for road construction and resurfacing. Five of the eight District employees and all three contractors were assigned to a plant. The remaining three employees were located at DDOT's Shepherd Park site.

Consulting Service Contracts. During our review of time and attendance, we found that DDOT employees supervised three employees paid by contractors. The three employees were working for DDOT under two "not-to-exceed" \$3 million consulting service contracts. These contractor employees inspected materials for road construction and resurfacing projects and performed administrative duties once held by District employees. Although hired as consultants, the employees were under the direct supervision of District officials. The Acting Director, DDOT, indicated that the contractors' employees were needed to fill immediate vacancies that arose from a successful District program in 1999 to reduce personnel levels. For DDOT, this meant losing a substantial number of experienced personnel. When DDOT received authorization to hire subsequent to the personnel reduction, it attempted to hire additional staff. However, the applicants did not have the experience or training to perform the jobs. Therefore, DDOT used consulting service contracts as the vehicle to allow the use of contractor personnel to perform the necessary work.

District management has completed or proposed appropriate corrective action for all 22 recommendations. Accordingly, all recommendations are resolved. See Exhibit 8 for a summary of potential monetary benefits.

OBJECTIVES

Our objectives in reviewing the financial disclosure system were to determine whether the DPW, with an emphasis on DDOT, adhered to laws, regulations, and procedures and whether the agency was vulnerable to conflicts of interest or the appearance of conflicts of interest.

The overall objectives in auditing time and attendance practices were to verify that plant inspection personnel accurately reported their time and to evaluate the adequacy of the internal controls in place to preclude fraud, waste, and abuse.

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While conducting the review of time and attendance practices of plant inspection personnel, we became aware of potential supervisory problems related to DDOT's monitoring of plant inspection services performed by contractors. Accordingly, we expanded our objectives to include determining whether DDOT was appropriately interacting with contract personnel and whether such services were acquired in accordance with District procurement guidance.

SCOPE AND METHODOLOGY

We conducted fieldwork during the period March through September 2001 at DPW, the Office of the Corporation Counsel, the Office of Pay and Retirement, two contractor paving plants, and DDOT's Shepherd Park location. We suspended this audit from August 2001 through April 2002 because personnel resources were diverted to higher priority concerns. Although we suspended the audit effort, we kept management fully informed of the issues so that they could take action they deemed appropriate. During the course of the audit, we brought to management's attention those areas of concern that ultimately resulted in this report's findings so that management could provide preliminary feedback and take immediate corrective action.

In general, we reviewed legislation, regulations, and procedures; examined internal controls; reviewed documentation; interviewed responsible officials; and tested transactions. We conducted the audit in accordance with generally accepted government auditing standards.

In reviewing financial disclosure statements, we reviewed statements submitted by 48 DDOT employees for CY 2000. We also performed a cursory review of statements submitted between CYs 1995 and 2000 to determine whether the documents had been properly reviewed and signed by the Ethics Counselor. We issued MAR No. 01-A-09 on May 9, 2001, regarding problems we found with the DDOT financial disclosure process. This report addresses the findings and recommendations reported in the MAR and management's comments to those recommendations.

Our review of time and attendance included reviewing time sheets for plant inspectors submitted during the period October 2000 through May 2001. We also performed a detailed analysis of internal controls and specific time and attendance records for selected employees for the 4 pay periods that ended between March 10 and April 21, 2001.

INTRODUCTION

PRIOR AUDITS

There were no prior audit reports addressing either DPW/DDOT financial disclosure statements or time and attendance activities at DDOT's Shepherd Park site that required audit follow up.

OTHER MATTERS OF CONCERN

The Acting Director, DDOT, and the Deputy Mayor/City Administrator had concerns about contracting and deliverables for DDOT. Our initial scope intended to address those matters. However, because of limited resources and higher priority work, this report was delayed and our scope and objectives excluded the overall contracting process and contract administration process at DPW/DDOT. The OIG has assembled an audit team to address these specific concerns at DDOT, while addressing a number of procurement-related issues at other agencies.

FINDINGS AND RECOMMENDATIONS

FINDING 1: MONITORING AND ENFORCING ETHICS REGULATIONS

SYNOPSIS

A limited review of financial disclosure statements and related procedures showed that designated DPW/DDOT employees did not always file required disclosure statements. None of the statements filed in calendar years (CYs) 1998 – 2000 were evaluated by an appropriate agency official. We attribute these conditions to lack of attention by DPW's former Director and its former agency ethics counselor. In addition, insufficient monitoring and enforcement by the D.C. Ethics Counselor allowed these conditions to go undetected and uncorrected. Regulations and procedures provide no requirement that agency ethics counselors report the status of their reviews to the D.C. Ethics Counselor beyond the June 15th date. Such a requirement would provide a useful monitoring and enforcement tool to the D.C. Ethics Counselor in that the requirement would establish a mechanism whereby the Counselor would have continual oversight of conflicts of interest (in fact or apparent), as they arise, as well as steps taken to alleviate the conflicts. Notwithstanding the resources available or lack thereof, the D.C. Ethics Counselor did not analyze the documents that agencies provided or take action to obtain documentation from agencies that failed to provide required reports. Additionally, existing procedures in DPM Chpt. 18, Part II, were outdated and therefore hindered effective compliance with laws and regulations governing conflicts of interest. Consequently, potential or actual conflicts of interest may exist undetected at DPW/DDOT and other District agencies.

DISCUSSION

The Confidential Statement of Employment and Financial Interests form (D.C. Form 35) is the disclosure form that the District requires designated employees to complete and agency ethics counselors to evaluate. We observed the need for improvement in:

- submitting and reviewing disclosures;
- disclosing financial interests;
- training agency counselors;
- coordinating changes to the financial statement disclosure system; and
- reporting by agencies and associated District-wide oversight.

FINDINGS AND RECOMMENDATIONS

Submitting Financial Disclosure Statements. In CY 2000, DPW designated 58 DDOT employees to complete D.C. Form 35. All but 10 of these employees submitted a statement. However, because DPW lacked an agency ethics counselor between June 2000 and April 2001, there was no follow up to obtain the missing statements.

Similar to the conditions we observed at another agency and disclosed in a Management Implication Report (MIR No. 99-001, May 24, 1999), DPW had no management controls in place that would ensure that employees who fill designated positions comply with DPM regulations. DPM § 1813.16, in part, requires that employees who are appointed, transferred, promoted, or detailed into a designated position submit D.C. Form 35 within 10 days of that event. DPM §§ 1813.17 and 1813.30 require the employee to keep the information on the statement current and to update the form with financial interests not previously disclosed within 10 days of acquiring the financial interest. DPW inappropriately relied exclusively on the annual process in requiring submission of the form.

Reviewing Financial Disclosure Statements. Employees must complete the first six parts of the confidential statement while the reviewing official (agency head or the designee) completes and signs the seventh part. The reviewer's signature indicates that the reviewing official has evaluated the employee's statement to ensure actual and apparent conflicts of interest were not present or were resolved. We reviewed the statements submitted by 48 DDOT employees for CY 2000 but did not find any evidence that the statements were reviewed. Specifically, the forms lacked indications that a reviewer had analyzed the disclosures on the form and determined whether a conflict or apparent conflict existed or whether any identified conflict was resolved. We also reviewed a limited number of disclosure statements dating back to CY 1995. We found that DPW's Ethics Counselor signed and reviewed the statements submitted from CY 1995 through CY 1997. However, a reviewing official did not sign statements submitted after 1997. We interviewed DPW's prior ethics counselor regarding her review. She indicated that she reviewed the statements, even those submitted for CY 2000 up until the time she resigned on May 28, 2000. However, she could not provide evidence that the forms were reviewed. In two instances, employees disclosed rental property, but we found no documentation in the files to indicate the agency ethics counselor investigated to determine whether ownership of the property was a potential or actual conflict of interest. None of the statements were documented by the agency ethics counselor with the required evaluations and decisions.

Disclosing Employee Financial Interests. Of the 48 statements submitted by DDOT employees for CY 2000, only 7 employees disclosed financial interests. We randomly selected 9 of the 48 respondents for interviews to determine their understanding of disclosure requirements. Except for rental property, none of the nine respondents we interviewed disclosed on D.C. Form 35 any other financial interests for themselves and immediate

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household members. Our analysis shows discrepancies between what they reported and what they revealed during the interviews.

- None of the nine respondents interviewed received counseling or training about disclosing financial interests, and only one understood the need to report the employment of a spouse. The lack of understanding of the disclosure requirements was previously reported in 1999 (MIR No. 99-001).
- None of the eight married respondents that we interviewed disclosed financial information on D.C. Form 35 about their spouse, yet spouses for six of the employees held either a part-time or full-time job.
- One respondent had children living at home including one child who was employed.
- Four respondents had investments (such as stock, mutual funds, retirement accounts, and pensions).
- One respondent had outside employment.
- Another respondent was a member of an association of a development located in the District.
- One respondent identified to us a vacation home and associated mortgage on the property that should also have been disclosed.
- Eight of respondents were not aware that they should have reported the type of information disclosed in the preceding bullets. While only one person adequately understood disclosure requirements, three respondents incorrectly interpreted the requirement to mean reporting only employment and financial interests that the **respondent** perceived could, or appeared to, impact on their positions with the District government. The respondent who correctly interpreted the reporting requirement opined that the form was self-explanatory and did not require revision. This respondent did not identify any financial interests during our interview.

Agency ethics counselors should be alert to reporting deficiencies, such as those set forth above, because the value of the disclosure process is limited without adequate agency monitoring.

None of the respondents interviewed received any training or oral instruction. The respondents were provided the disclosure form and DPM § 1813. The individuals we interviewed all believed that they would benefit from training that explained conflicts and

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potential conflicts of interests and clearly explained the elements that must be disclosed on D.C. Form 35.

Training Agency Ethics Counselors. While the District has no requirement to train all its employees, DPM § 1811.3 requires that agency ethics counselors undertake and satisfactorily complete such training programs as are prescribed by the D.C. Ethics Counselor. However, the D.C. Ethics Counselor has not prescribed any training for agency ethics counselors since September 1998, i.e., about 30 months as of March 2001. In the meantime, a number of agency ethics counselors have been appointed who have not had training for this position. Without appropriate training, agencies and their personnel may not receive proper guidance. We believe the training should also emphasize reasonable checks by such counselors to detect when employees **in general** do not appear to comply with the financial disclosure system. For example, agency counselors should detect a potential reporting problem when substantial numbers of married employees report no employment by an employee's spouse. While such checks do not yield an absolute certainty of misreporting, counselors should be alert to such "red flags." The DPM may need to be revised to reflect this responsibility.

In May 2002, the D.C. Ethics Counselor provided us with a copy of the time and attendance records taken at her presentations to District ethics officers in May and June 2001. She also provided us with a copy of the Ethics Training presentation. While we believe this training addressed the immediate need, the D.C. Ethics Counselor needs to monitor the training that agency counselors receive to ensure that they are qualified for the position and are sufficiently trained in the disclosure process and other related matters.

Coordinating Changes to the Financial Disclosure System. In response to MIR No. 99-001, the D.C. Ethics Counselor revised D.C. Form 35 to implement our recommendations. However, the revision was completed without adequate explanation to agencies and without following the proper procedures to revise the DPM. The revised D.C. Form 35 was distributed without notifying employees of the revisions, hence some employees completing the outdated version of the form. We advised the DCOP Director and the D.C. Ethics Counselor of this condition, and they took immediate action to officially revise D.C. Form 35 on April 13, 2001. Accordingly, no recommendation is necessary to revise the form. In the future, any changes to the financial disclosure regulations and procedures must be implemented in coordination with the DCOP Director, the only official authorized to make such changes, pursuant to authority granted by Mayor's Order 2000-83.

DPM Chpt. 18, Part II, supplements the regulations in Part I of the Chapter and contains D.C. Form 35. However, we noted that this supplemental guidance needs to be updated to eliminate information conflicting with Part I, e.g., the date for completing the

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annual disclosure process. Historically, the D.C. Ethics Counselor has only distributed Section 1813, Part I, to the agency ethics counselors.

Reporting by Agencies and Associated District-wide Oversight. The DPW, for CY 2000, failed to submit required reports to the D.C. Ethics Counselor, who lacked a monitoring system to detect such failures by District agencies. Specifically, DPW failed to submit reports listing designated employees who filed disclosure statements and those who did not file. Those facts notwithstanding, when agencies do send the required reports, the D.C. Ethics Counselor has no process for analyzing the documents and enforcing compliance; the reports are merely filed. The D.C. Ethics Counselor stated that the position of D.C. Ethics Counselor is advisory in nature and lacks enforcement authority to require agencies to comply with the ethics requirements. In addition, the D.C. Ethics Counselor stated that the agency ethics counselors have the enforcement responsibility. In fact, DPM Chpt. 18 specifically lists “enforcement” as one of the D.C. Ethics Counselor’s responsibilities; therefore, the responsibility is a shared one. *See* DPM § 1811.1(b). Without monitoring agency and employee compliance, the D.C. Ethics Counselor cannot fulfill the responsibilities of the position, which includes compliance enforcement. Accordingly, the District has a higher risk that its employees have conflicts or apparent conflicts of interest than it would have if the D.C. Ethics Counselor adequately monitored and enforced compliance with the disclosure system.

The D.C. Ethics Counselor also does not monitor whether agency ethics counselors have explained the complex financial disclosure reporting requirements to employees who must make financial disclosures. DPM § 1811.4(a) requires agency ethics counselors to advise agency employees of the requirements of Chpt. 18, which we interpret to include training designated employees in their responsibilities with respect to financial disclosure. The designated employees we interviewed at DDOT indicated that they had not received training on how to complete the D.C. Form 35; instead, they received the D.C. Form 35 and a copy of DPM § 1813, as guidance toward completing the form. By requiring agencies to report to the D.C. Ethics Counselor the number of employees who recently completed training with respect to financial disclosure requirements, the District would have the means to enforce this provision.

We were advised that the D.C. Ethics Counselor has no staff and has significant duties unrelated to ethics issues. We did not review the adequacy of resources available to the D.C. Ethics Counselor or the extent of other duties assigned. However, resources available to the D.C. Ethics Counselor may be insufficient to adequately perform necessary oversight, such as monitoring and enforcing compliance, training agency ethics counselors, and dealing with District-wide ethics issues and other non-ethics duties assigned.

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Summary Overview. The intent of the financial disclosure process is to detect and resolve direct or indirect financial interests of employees that would conflict or appear to conflict with the fair, impartial, and objective performance of officially assigned duties and responsibilities. To obtain that end, the D.C. Ethics Counselor and agency ethics counselors have the authority and responsibility to monitor and enforce the disclosure provisions. Employees also have the responsibility to fully disclose relevant information. Ultimately, the integrity of the process relies upon the diligence of agency heads as well as the D.C. Ethics Counselor. Accordingly, a number of recommendations are necessary to obtain compliance with existing guidance and to improve the process.

The OIG issued MAR No. 01-A-09 on May 9, 2001, which essentially contained this finding and associated recommendations. A summary of the responses and views of the various interested officials follows the recommendations below. The OIG comments provide the status of each recommendation, i.e., whether the recommendation is resolved; action planned or taken; and whether the target date for uncompleted action has been provided.

RECOMMENDATIONS

The former Corporation Counsel or Interim Corporation Counsel, as the supervisor, responded to the recommendations made to the D.C. Ethics Counselor.

Recommendation 1. We recommend that the Corporation Counsel monitor the performance of the D.C. Ethics Counselor, revise its appointment delegation of the D.C. Ethics Counselor to include clear guidance on monitoring and enforcing agency compliance with the DPM, and provide additional resources to the D.C. Ethics Counselor, when needed, to properly monitor, enforce, and maintain the financial disclosure process.

Corporation Counsel's Response. The Office of the Corporation Counsel agreed that a description of the functions of the Ethics Counselor should be included in a position description for the Assistant Corporation Counsel who holds that position. It did not agree that the Office of the Corporation Counsel Order appointing the Ethics Official is the appropriate vehicle to delineate job responsibilities of the Ethics Official.

The Office of the Corporation Counsel agreed with our recommendation to seek additional funding for the ethics function, particularly for administrative support. Currently, the D.C. Ethics Counselor handles the technical and administrative functions without any funding for these activities.

The Office of the Corporation Counsel intends to consult with the Executive Office of the Mayor and the Office of Personnel about enforcement responsibilities under the Ethics

FINDINGS AND RECOMMENDATIONS

Program to determine the most effective method for meeting the regulatory requirements. She proposed a target date of October 30, 2002, to respond more fully to this recommendation.

Finally, the Office of the Corporation Counsel requested some minor changes to the report for clarification of resources available to the D.C. Ethics Official and advised of efforts that have occurred since our fieldwork was completed but before the draft of this report was issued.

For the full text of the response, see Exhibits 1 (for the initial response from the former Corporation Counsel) and Exhibit 4 (for the final response from the Interim Corporation Counsel).

OIG Comments. While we believe that the order of appointment delegation to the Ethics Counselor ought to fully describe the responsibilities, the Office of the Corporation Counsel response indicates that it intends to handle the Ethics Counselor's duties in the position description and the performance system. This alternative satisfies the intent of that portion of the recommendation (when implemented). Also, the Office of the Corporation Counsel intends to provide more resources to the Ethics Counselor.

We revised the report to reflect the request by management to indicate more clearly that resources were lacking to support the D.C. Ethics Counselor. Management brought to our attention those efforts of management performed after our fieldwork was completed but before our draft report was issued. Efforts completed after our fieldwork and discussed by management are important but unverified by audit. Accordingly, refer to Exhibit 4 for such information.

We are awaiting the Interim Corporation Counsel's response, expected on October 30, 2002, to the final report that is expected to provide target dates or completion dates for action management has agreed to perform.

Recommendation 2: We recommend that the DCOP Director coordinate, along with the D.C. Ethics Counselor and the Deputy Mayor/City Administrator, revisions to DPM Part II to update the procedures.

DCOP Response. The Director of DCOP agreed with the finding and recommendation and revised Part II, Chpt. 18 on May 14, 2002. The DCOP also will continue to work with the D.C. Ethics Counselor as necessary to make changes to Chpt. 18. For the full text of the response, see Exhibit 2 and Exhibit 5.

FINDINGS AND RECOMMENDATIONS

Corporation Counsel's Response. The Office of the Corporation Counsel agreed to continue coordination with the DCOP regarding revisions to DPM, Part II. For the full text of the response, see Exhibit 1.

OIG Comments. The DCOP's review and update of Chpt. 18, Part II, regarding financial disclosures satisfies the intent of the recommendation. Action is completed on the specific change and continuing for future changes. The DCOP's initial response to the MAR has been superseded by a response to a discussion draft dated June 3, 2002, which indicated action had been completed. The Corporation Counsel's response is noted and supports the intent of the recommendation.

Recommendation 3: We recommend that the DPW Director establish controls that ensure designated employees submit a properly completed financial disclosure statement annually and upon assuming a designated position as required by DPM § 1813.16.

DPW Response. The DPW Director instructed senior staff to provide a copy of D.C. Form 35, along with the relevant section of the District Personnel Regulations regarding employee conduct, to each designated DPW employee and advise each employee to file their disclosure forms with the agency's ethics counselor by May 15, 2001. Also, DPW is monitoring designated employees' compliance with financial disclosure requirements. The Director plans to train designated DPW employees on the reporting requirements every 2 years. For new appointments to designated positions, the agency ethics counselor will work with DPW's Office of Administrative Services to keep track of the new employees and ensure that such employees are properly trained. New employees will also be notified to complete a disclosure form within 10 days of reporting for duty. Finally, DPW's ethics counselor will monitor employee compliance with financial disclosure requirements on an ongoing basis and will follow-up with employees who have not filed their statements. For the full text of the response, see Exhibit 3.

OIG Comments. The proposed actions satisfy the intent of the recommendation and should provide adequate internal control to ensure that all designated employees submit a financial disclosure statement.

Recommendation 4. We recommend that the DPW Director establish controls to ensure that designated employees update their financial disclosure statements within 10 days of acquiring new financial interests as required by DPM §§ 1813.17, 1813.30.

DPW Response. DPW will advise designated employees through training every 2 years of the requirement to update their financial disclosure statements within 10 days of acquiring new financial interests. DPW lost its Ethics Counselor in March 2002 and hired a replacement in June 2002. The new Ethics Official will complete Ethics Training

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and then begin, by January 2003, the training of employees designated to complete financial disclosure statements. For the full text of the response, see Exhibit 3 and Exhibit 7.

OIG Comments. The proposed actions should help to ensure that employees update their financial disclosure statements when acquiring new financial interests. These new requirements should be documented in agency procedures. Each agency's ethics counselor should also remind designated employees of this requirement in the letter to them requesting they complete a financial disclosure form. The proposed actions satisfy the intent of the recommendation.

Recommendation 5. We recommend that the DPW Director ensure that each employee's confidential statement is properly reviewed and documented.

DPW Response. The DPW ethics counselor is in the process of reviewing the statements and will properly evaluate each form to determine whether any actual or apparent conflicts of interest or reporting deficiencies exist. If conflicts are indicated, the ethics counselor will meet with each employee to resolve any issues and will document the review results. For the full text of the response, see Exhibit 3.

OIG Comments. The proposed actions satisfy the intent of the recommendation.

Recommendation 6. We recommend that the DPW Director: (1) ensure that mandatory training of current employees and all new employees subject to the disclosure process is conducted so that each employee understands the financial interest disclosure responsibilities, and (2) provide mandatory refresher training to designated employees at least every 3 years.

DPW Response. As stated in response to Recommendation 4, DPW will schedule designated employees for training every 2 years. The DPW ethics counselor will also work closely with the Office of Administrative Services to keep track of new employees and ensure that they also receive the proper training upon being hired. Training will begin in January 2003. For the full text of the response, see Exhibit 3 and Exhibit 7.

OIG Comments. DPW's actions will provide employees with the necessary tools to properly complete financial disclosure documents and impress upon them the importance of doing so. The planned actions satisfy the intent of the recommendation.

Recommendation 7. We recommend that the DPW Director take disciplinary action against employees who fail to comply with disclosure requirements of DPM Chpt. 18.

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DPW Response. The Director intends to issue follow-up notices to employees that fail to submit a statement, and to take appropriate disciplinary action as prescribed by Chpt. 16 of the District Personnel Regulations against employees who fail to file by June 15, 2001. For the full text of the response, see Exhibit 3.

OIG Comments. The proposed actions satisfy the intent of the recommendations.

Recommendation 8. We recommend that the D.C. Ethics Counselor monitor continuously the appointment of agency ethics counselors and ensure timely training in their authority and responsibility.

Corporation Counsel's Response (D.C. Ethics Counselor). The Corporation Counsel believes that the recent training given to agency ethics counselors and the plans for the D.C. Ethics Counselor to meet monthly with agency counselors will provide adequate monitoring over the counselors, and ensure that they are complying with disclosure requirements. For the full text of the response, see Exhibit 1.

OIG Comments. The proposed actions satisfy the intent of the recommendation.

Recommendation 9. We recommend that the D.C. Ethics Counselor notify agency heads/agency ethics counselors of changes in requirements and forms and require that such officials notify designated employees of such changes.

Corporation Counsel's Response (D.C. Ethics Counselor). The Office of the Corporation Counsel agreed that agency heads should be notified when substantive changes are made to the D.C. Form 35. However, the Office of the Corporation Counsel disagreed with the report's criticism of the recent change made to the form regarding reporting on "immediate household." The Office of the Corporation Counsel advised that the original form included general directions that filers include information about their immediate household. The change involved inserting the phrase "immediate household" in the directions for the first entry so that it was consistent with the general directions and the DPM. The Office of the Corporation Counsel also stated that training employees on the change would have confused most filers because the change was simply making the form consistent with existing law. For the full text of the response, see Exhibit 1.

OIG Comments. We disagree with Counsel's conclusion that the change of "immediate household" was handled adequately. It is quite evident from our audit that designated employees were not aware of what to report on their financial disclosure statements, including the requirement to report on assets held by their immediate household

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members. Seven of the nine employees we interviewed agreed that they would have benefited from training. The change to the form should have been brought to the attention of every individual that had to file the revised form. However, for 2002, we noticed that the D.C. Ethics Counselor provided guidance that highlighted the change to the form and the need to report on members of the immediate household.

Although the Office of the Corporation Counsel disagreed with the OIG's criticism of the way the change to the form was handled and the lack of training concerning this change, the Office of the Corporation Counsel did agree with the recommendation. The proposed actions satisfy the intent of the recommendation.

Recommendation 10. We recommend that the D.C. Ethics Counselor require agency heads/agency ethics counselors to report the status of their reviews, beyond June 15th of each year, until all disclosure forms are properly reviewed and all conflicts resolved, and coordinate this procedural change with the DCOP Director and the Deputy Mayor/City Administrator for inclusion into the DPM.

Corporation Counsel's Response (D.C. Ethics Counselor). The Office of the Corporation Counsel agreed that agency counselors need to continue reporting changes after June 15th because the reporting process continues throughout the year. Any changes in information filed should be reported immediately and entered on the form. For the full text of the response, see Exhibit 1.

OIG Comments. The Office of the Corporation Counsel agrees with the recommendation. The D.C. Ethics Counselor indicated in discussions with the auditors that she plans to address the status of disclosure forms at the monthly meetings with agency ethics counselors. This action meets the intent of the recommendation. However, we are concerned that disclosure forms that should be filed throughout the year because of changes to a position, promotions, and new employees will not be adequately monitored for compliance unless a process is formally incorporated into the DPM. Nonetheless, we consider this recommendation resolved and completed. Subsequent follow-up audits, if any, should disclose whether actions taken are sufficient to ensure that disclosure forms are submitted and reviewed throughout the year as changes occur.

Recommendation 11. We recommend that the D.C. Ethics Counselor monitor and enforce requirements for agencies to report the status of compliance with DPM Chpt. 18.

Corporation Counsel's Response (D.C. Ethics Counselor). The Office of the Corporation Counsel believes that the monthly meetings with the agency ethics counselors will help to ensure compliance with the rules and will enable the D.C. Ethics Counselor to more effectively monitor them. For the full text of the response, see Exhibit 1.

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OIG Comments. The Office of the Corporation Counsel’s proposed actions satisfy the intent of the recommendation.

Recommendation 12. We recommend that the D.C. Ethics Counselor require agency ethics counselors to make available to designated employees an updated version of DPM Chpt. 18 Part II to assist employees in their understanding of disclosure requirements.

Corporation Counsel’s Response (D.C. Ethics Counselor). The Office of the Corporation Counsel will immediately require agency ethics counselors to provide the revised DPM 18, Part II, to designated employees. For the full text of the response, see Exhibit 1.

OIG Comments. Proposed actions satisfy the intent of the recommendation. As indicated previously, DCOP has updated DPM, Chpt. 18, Part II.

Recommendation 13. We recommend that the D.C. Ethics Counselor require agency ethics counselors to look for “red flags” that indicate employees in general are not in compliance with financial disclosure requirements.

Corporation Counsel’s Response (D.C. Ethics Counselor). The Office of the Corporation Counsel will include guidance on completing and reviewing D.C. Form 35 in its training of agency ethics counselors. The Interim Corporation Counsel advised that the D.C. Ethics Official has provided two training sessions since May 2001 of agency ethics officials and over 20 sessions since June 2001, which included training to the Mayor’s Cabinet and the staff of the Executive Office of the Mayor. For the full text of the responses, see Exhibit 1 and 4.

OIG Comments. Proposed actions satisfy the intent of the recommendation. While a specific completion date was not provided in either Exhibit 1 or 4, we consider actions completed because of the various training sessions provided by the D.C. Ethics Counselor to agency ethics officials, District executives, and agency personnel.

Recommendation 14. We recommend that the D.C. Ethics Counselor monitor agency compliance with DPM § 1811.4(a) so that employees are trained to complete disclosure forms.

Corporation Counsel’s Response (D.C. Ethics Counselor). Initially, the Office of the Corporation Counsel proposed to develop clear directions for the D.C. Form 35 and to provide training particularly near the time when the forms are to be filed. In a

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subsequent response, the Office of the Corporation Counsel indicated actions have been completed. For the full text of the responses, see Exhibit 1 and Exhibit 4.

OIG Comments. Completed actions satisfy the intent of the recommendation. The Office of the Corporation Counsel provided a 13-page attachment that shows that clear directions were developed and provided to agency heads by the D.C. Ethics Counselor on April 5, 2002.

FINDINGS AND RECOMMENDATIONS

FINDING 2: CONTROLLING TIME AND ATTENDANCE

SYNOPSIS

The DDOT officials responsible for plant inspection operations at DDOT's Shepherd Park location cannot be certain that District government inspectors working at remote sites accurately reported their time. This lack of internal control occurred because management did not develop any written policies and procedures for controlling or reporting time. Officials also did not use available documentation that could have verified the off-site inspectors' regular and overtime hours. Finally, management did not document their pre-authorization of overtime for plant inspectors at remote sites. This lack of internal controls at DDOT prevented assurance that inspectors were properly reporting their time, which may cost DDOT as much as \$445,000 annually. It also left DDOT susceptible to fraud, waste, and abuse.

DISCUSSION

The DDOT has contracts with vendors for the production and delivery of asphalt and concrete materials used for road construction and road resurfacing. The contractors operate industrial plants (facilities) in the District, Maryland, and Virginia. As of May 2001, the District used 6 of the 13 plants under contract and assigned at least 1 inspector to each of the 6 plants. The District plant inspectors were responsible for ensuring that the contractor's asphalt and concrete materials met prescribed District standards and those established in the industry.

Inspectors located at different plant sites reported their hours worked for the prior day by calling the plant inspection's dispatcher before 7:30 a.m. each workday. These hours were reported on a weekly activity log that was used to prepare the inspectors' time and attendance sheets for payroll.

We reviewed hours claimed by 15 inspectors for 4 pay periods that ended March 10, March 24, April 7, and April 21, 2001, which resulted in overall payments of \$68,400. Twelve of the inspectors worked at plant locations off-site from Shepherd Park, while the remaining 3 inspectors worked at the Shepard Park facility. The 12 inspectors received a total of \$43,900 for the 4 pay periods in regular and overtime hours. The 3 inspectors at Shepherd Park were paid a total of \$24,500 in regular and overtime hours for the same pay periods. We calculate that the District paid \$445,000 ($\$68,400/4 \times 26$ pay periods) with little assurance that the employees worked as claimed.

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The Plant Inspections Branch did not have written policies or procedures for administering employee time. The procedures used were communicated by word-of-mouth, however, these procedures do not provide internal management controls sufficient to preclude employee submission (and permit management detection) of fraudulent time and attendance claims including fictitious claims for overtime.

The Plant Inspections Branch could not verify that the time reported by off-site inspectors was actually worked even though there was a mechanism available to conduct this verification. Each asphalt and concrete plant produces a “ticket” for each order completed. Among other items, the “ticket” includes the date and time the materials were prepared and the plant inspector’s signature, which certifies that the materials produced met District government standards.

The inspectors, however, did not post the time or the date they approved the plants’ materials. The Plant Inspections Branch collected the tickets only at the end of each month. If these documents were collected daily and included the date and time the inspector approved the order, they could be used to verify the time reported by off-site plant inspectors.

We were also informed that plant inspectors do, in fact, request overtime prior to performance. The request is made approximately 2 hours before the overtime is scheduled because management cannot determine until then whether additional DDOT work will be performed after the plant inspector’s normal duty hours. However, we could not verify that overtime requests were approved because management did not document overtime approval.

RECOMMENDATIONS

We recommend that the DDOT Director:

Recommendation 15: Develop time and attendance reporting policies and procedures (management/internal controls) for Plant Inspections Branch personnel that will ensure the accuracy of time reported and reduce the risk of fraud, waste, and abuse.

Recommendation 16: Develop and implement policies and procedures that ensure plant tickets for completed District jobs at industrial plants are forwarded daily to the Plant Inspections Branch.

Recommendation 17: Require plant inspectors to post the date and time under their signature on the plant ticket when they approve materials for shipping.

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Recommendation 18: Require Plant Inspections Branch personnel to compare the off-site plant inspectors' daily time to the date and time reported on each plant ticket, and question any discrepancies.

DDOT Director's Response (Recommendations 15-18). DDOT concurs with the recommendations but took alternative action. Effective April 1, 2002, DDOT has discontinued the process that was in effect during the audit. The new process provides for a "contractor process quality control," which eliminated the need for the specific recommended actions. An outside contractor is responsible for maintaining a quality control process and must submit all records related to the contracted work to DDOT on a daily basis. For the full text of the response, see Exhibit 6. An 8-page attachment, provided by DDOT, has been retained in the permanent audit files and are not included as part of Exhibit 6.

Recommendation 19. Document all pre-approved overtime.

DDOT Director's Response. DDOT concurs with the recommendation. Effective April 1, 2002, DDOT instituted a process for pre-approving overtime, which requires that requests must go through the Chief Engineer.

OIG Comments (Recommendations 15-19). The alternative actions taken by DDOT satisfactorily resolved the recommendations. Performing the function by contract instead of with DDOT staff eliminated the need for improved timekeeping at the branch and the need to process plant tickets. The implementation of an appropriate process for pre-approving overtime should alleviate the potential for overtime abuse.

FINDINGS AND RECOMMENDATIONS

FINDING 3: ADMINISTERING CONTRACTS FOR CONSULTANT AND EXPERT SERVICES
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SYNOPSIS

DDOT did not properly administer two contracts that were awarded to provide inspection services for road construction, resurfacing projects, and administrative support. Specifically, DDOT section chiefs for the Project Management Services Division supervised 20 contractor employees (18 engineers and 2 clerks) as if they were District employees. The use of contractor employees in this manner violated District personnel and procurement regulations pertaining to consultant/expert service contracts and also the provisions of the two contracts for consultant services. The contracts were improperly administered because: (1) the contracting officer did not provide the contract administrator with instructions regarding the administration of the contracts; (2) the contract administrator had no training in contract administration, and (3) the contract administrator was not familiar with the specific provisions of the contract that would have enabled him to question the manner in which the DDOT section chiefs were supervising the contractors' employees.

DISCUSSION

DPW awarded two not-to-exceed \$3 million indefinite quantity consultant/expert contracts to provide engineering and management services to DDOT's Construction Management Division, now titled the Project Management Services Division. The contracts were administered by the Chief of the Contract Review Section at DDOT's Shepherd Park location.

Background. In FY 1999, the District, in an effort to reduce the size of government, offered employees a \$25,000 buy-out incentive. Consequently, many experienced Division employees accepted the buyout. The Division is responsible for all District street and bridge construction. It also provides investigation and inspection support for these activities. The retirements of the experienced personnel created a need for additional resources to continue performing the Division's functions. Management, knowing they could not recruit personnel immediately, requested assistance through consultant/expert contracts. Consequently, two indefinite quantity contracts, each not-to-exceed \$3 million, were awarded to obtain these services.

Among other provisions of the contracts, Section 4 instructed the contractor to place an experienced, registered, professional engineer, whose registration was acceptable to the

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District's Board of Registration for Professional Engineers, in charge of the contractor employees. However, this was not done. Instead, DDOT section chiefs directly administered and supervised the contractor employees. They also directed the contractor employees to specific work locations on a daily basis. The contractor employees worked the schedule established by District employees, and District staff managed and tracked the time worked by contractor employees. Consequently, DDOT did not comply with the contract provisions, and its actions violated District personnel and procurement regulations.

Personal Service Prohibitions. Both the DPM and the procurement regulations in the District of Columbia's Municipal Regulations (DCMR) prohibit personal services contracts.

DPM. Chpt. 9, Subpart 4 of Part II of the DPM provides criteria for determining whether it is more appropriate to hire experts and consultants or to contract for these services. The decision is based on whether there is an employee-employer relationship. Where an employee-employer relationship exists, the DPM states that "an appointment must be made to an expert or consultant position and recourse to a negotiated services contract is not appropriate." *Id at subpart 9.4.* With the exception of a change made to procurement regulations in June 2001 relating to information technology positions, District procurement regulations contain no provisions for awarding a contract whereby a District employee would supervise contractor personnel.

DCMR. Title 27 DCMR § 1901 sets forth the criteria to contract for expert and consulting services. Specifically, § 1901.3 assigns responsibility to the contracting officer to ensure that the following conditions are not present when awarding a consultant/expert contract: (1) an employer-employee relationship between District and the contractor; (2) detailed control or supervision by District personnel of the contractor or its employees with respect to the day-to-day operations of the contractor or the methods of accomplishment of the services; (3) a regularly established tour of duty for the contractor; or (4) supervision of District employees by the contractor. As stated prior, all of these prohibitions were found in the administration of the two contracts reviewed. The contracting officer should have alerted the contract administrator as to these prohibitions.

Contracting Officer Instructions. The contracting officer did not provide the contract administrator with any instructions as to his duties and responsibilities in administering the contracts. The contract administrator should be the individual authorized by the contracting officer to perform all actions necessary to verify whether supplies, services, or construction conform to contract quality requirements. However, the contract administrator stated that he was not provided with any instructions or training as to his responsibilities in this position. Notably, our review of the contracts and files did not reveal

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who had contract administrator responsibility or what the contract administrator's duties were in this capacity.

Contract Administrator Training. DDOT did not train the designated employee on contract administration. The current contract administrator was temporarily assigned to this position because of his accounting degree and his prior job performance. His job prior to serving in this capacity was as a civil engineer in the Major Paving Section. He was not provided with any training to prepare him for his present duties. He was unfamiliar with the DPM as it relates to consulting service contracts and with 27 DCMR, *Contracts and Procurements*. His administration of the contract was limited to verifying billing information. He did not perform quality assurance reviews as required by the DCMR.

Knowledge of the Contract Provisions. Finally, the contract administrator was not familiar with the provisions of the contracts regarding supervision. He did have a copy of the contract, but admitted he was not familiar with contract management procedures.

We discussed the above problems with the contracting officer. He said that he was aware that there were problems with contract administration. He stated that the Office of Contracting and Procurement (OCP) is planning to provide monthly training to contract administrators, and he will have contract administrators handling his contracts attend the training sessions. OCP plans to continue the 2-day training sessions on a monthly basis.

Also, upon being notified by the OIG that the consulting/expert contracts were being improperly administered as personal service awards, the contracting officer issued a letter, dated August 1, 2001, stating, "that all contracts that are being utilized improperly be identified and inappropriate practices cease immediately." Division management, in response to the contracting officer's instructions, issued a memorandum to its employees, "to refrain from treating consultants as an extension of our workforce." The memorandum instructed the employees to "task" the consultant through his/her senior consultant acting as a supervisor and to inform the supervisor of any deficiencies in the consultant's work.

We agree with the actions taken by the contracting officer and Division management. We believe, however, additional actions are needed. The contracting officer needs to provide specific instructions to contract administrators regarding their administrative responsibilities with the contracts they administer. We also believe that the contracting officer should periodically monitor the performance of contract administrators to ensure that they administer the contract in accordance with its terms.

FINDINGS AND RECOMMENDATIONS

RECOMMENDATIONS

We recommend that the DDOT Director:

Recommendation 20. Provide contract administrators with written instructions on their duties and responsibilities in administering each contract awarded and direct the contracting officer to designate, in the contract, the individual assigned contract administration authority.

DDOT Director's Response. DDOT concurs with the recommendations and initiated a program that requires all DDOT contract administrators to attend the Contracting Officer Technical Representative training conducted the District of Columbia Office of Contracting and Procurement. In addition, the DDOT contracting officer is developing and distributing, in coordination with the DDOT Training and Human Resource Coordinator, approved documentation of duties and responsibilities for contract administrators. DDOT has discontinued the services that led to this condition, effective August 1, 2001.

OIG Comments. Actions taken and planned resolve the recommendation. While we consider the recommendation resolved and completed because the specific condition has been eliminated, DDOT needs to complete the planned actions to ensure contract administrators are fully aware of their responsibilities.

Recommendation 21. Ensure that all current DDOT contract administrators attend the OCP 2-day training session on contract administration and that all subsequent appointees are trained immediately upon assuming contract administration responsibilities.

DDOT Director's Response. DDOT concurs with this recommendation and has initiated a program to require that all DDOT contract administrators attend the Contracting Officer Technical Representative training conducted by the District of Columbia Office of Contracting and Procurement. Between May 2001 and August 2002, 35 DDOT personnel have attended this training.

OIG Comments. Completed and continuing actions satisfy the intent of the recommendation.

Recommendation 22. Ensure that all contracts awarded specifically identify the contract administrator responsible for ensuring the quality review aspects of the contract.

DDOT Director's Response. DDOT concurs with the recommendation and, by January 2003, will make reference to the responsibility of contract administrators to

FINDINGS AND RECOMMENDATIONS

conduct quality reviews. As a standing practice, DDOT has included the contract administrator's name on contract documents.

OIG Comments. DDOT's planned and completed actions satisfy the intent of the recommendation. See Exhibit 6 to view DDOT's comments in their entirety.

EXHIBITS

EXHIBIT 1: RESPONSE TO MAR NO. 01-A-09 FROM THE OFFICE OF THE CORPORATION COUNSEL

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CORPORATION COUNSEL



May 31, 2001

Mr. Charles C. Maddox, Esq.
Inspector General
Office of the Inspector General
717 14th Street, N.W. Fifth Floor
Washington, D.C. 20005

Dear Mr. Maddox:

This is in response to Management Alert Report (MAR No. 01-A-09) dated May 9, 2001, regarding the District's financial disclosure system pursuant to Title XVIII of the District of Columbia Comprehensive Merit Personnel Act of 1978 (the "CMPA"), D.C. Law 2-139, effective March 3, 1979, D.C. Code § 1-619.1 *et seq.*, and the implementing regulations in Chapter 18 of the D.C. Personnel regulations. The MAR addresses the functions and activities of the Office of Corporation Counsel as well as the Ethics Counselor, D.C., a senior attorney appointed by the Corporation Counsel.

In the MAR, you make specific recommendations to me as Corporation Counsel and to the Ethics Counselor, D.C. who is a subordinate attorney within this Office. My comments and responses relate to both sets of recommendations. My overall comment is that while the MAR concludes that there is a greater risk of conflicts of interest in the District government due to the faulty financial disclosure system, our view is that you cannot simply examine the financial disclosure system alone because it is only one part of a complete ethics program in the District government. Within the limits of its available resources, this Office has launched major initiatives in the past few months and expects to continue these steps.

The Ethics Counselor, D.C. is one of eight attorneys in the Legal Counsel Division of the OCC Office of Government Operations, which is headed by a Senior Deputy Corporation Counsel, who reports directly to the Corporation Counsel. As a member of the Legal Counsel Division, the Ethics Counselor has the dual role of responding to both ethics and other critical legal counsel matters. Moreover, there has never been specific funding for ethics counselor functions within the OCC budget and, while the Ethics Counselor has substantial autonomy with respect to matters of ethics advice, she does not have any role in the apportioning of office resources. There is one secretary for all 8 attorneys. Those Legal Counsel assignments which she has handled during her tenure as Ethics Counselor were complex in nature and her expertise has been essential to the Office.

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We view a properly staffed agency ethics counselor system, with the necessary complement of training, to be the best method for insuring that conflicts are caught and handled and for insuring that all of the requirements of Chapter 18 of the D.C. Personnel Regulations ("Regulations") are met. The regulations do not require the Ethics Counselor to review all disclosure forms, but instead to make sure the designations by agencies are completed and forms are filed. The agency ethics counselors are in the best position to monitor completion of the forms. We do agree that *much more concerted* effort toward educating the agency ethics counselors about the form and the development of standard, clear instructions for their completion are absolutely necessary.

Recent actions taken

1. On March 13, 2001, prior to being contacted by your Office, the Ethics Counselor announced at the Mayor's Cabinet meeting that the first training for the agency ethics counselors would be held May 9, 2001, and conducted by the Ethics Counselor. She made a presentation for 1 ½ hours and gave each ethics counselor a resource notebook. The Ethics Counselor has required the agency counselors to sign up for an additional 3-hour session in June, which will require *small group work on ethics issues*. Beginning in July, ethics counselors will be required to attend a monthly meeting chaired by the Ethics Counselor for the purpose of continuing the training and resolving any issues raised. All training and meetings are supplemented by phone calls to the Ethics Counselor.
2. To date, out of 34 agencies required to file a list of designated employees, 31 have been received by the Ethics Counselor. Each document was reviewed prior to filing, as is always done. One document was returned for failure of the agency to list positions and grade levels. A corrected version was supplied.
3. An appeal of a designation is pending from a public school employee. Final action will be required by the Ethics Counselor.
4. The Ethics Counselor provided 4 hours of ethics training to 80 employees of the Department of Public Works, along with the Office of Inspector General and the U.S. Attorney's Office on May 15, 2001.
5. The Ethics Counselor conducts monthly briefings on ethics for new employees, as part of an Office of Personnel program. The briefing includes notification that some employees may be required to file confidential statements.
6. The Ethics Counselor conducted 1 hour training for 50 staff members of the Executive Office of the Mayor on May 23, 2001. A second hour for the remainder of EOM employees will be held on May 31, 2001.

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7. The Ethics Counselor responded to ethical concerns at brown bag lunch gathering of representatives from 10 agencies hosted by the Office of Partnership and Resource Development.

8. The Ethics Counselor issued 12 ethics opinions this calendar year on pressing questions.

9. The Ethics Counselor handled numerous emergency ethics calls, government-wide

10. The Ethics Counselor coordinates and consults on a regular basis with the Office of Personnel on ethics issues. This working relationship has strengthened the work of the Ethics Counselor by providing increased focus on issues. The orientation briefings for new employees are new this year.

Response to Recommendations

Re: Corporation Counsel:

Recommendation #1: We do not believe it is necessary to amend the order appointing the Ethics Counselor to restate the duties of the position set forth in the statute and the Personnel Regulations. Both the statute and the regulations provide "clear guidance" on monitoring and enforcing agency compliance. This Office will seek some additional funds for the ethics function, particularly with respect to administrative support. Such support will facilitate the training sessions and the monitoring function. Currently, most of the administrative tasks are performed by the Ethics Counselor.

Recommendation #2: We will continue to coordinate with the Office of Personnel on any revisions to DPM Part II.

Re: Ethics Counselor:

Recommendation #8: We believe that the recent training of agency ethics counselors and the plans to meet on a monthly basis will help to insure that the ethics counselors are complying with the rules and give the Ethics Counselor ready access to the agency counselors to enable her to more effectively monitor them.

Recommendation #9: We agree that the Ethics Counselor should notify agency heads when there are actual substantive changes to forms, but disagree with your criticism of the recent form change. First, the procedural correction to the form was carried out before this report was made. Moreover, we do not believe that training was necessary for the change. The form as originally written had a general direction that the filer include information about his or her "immediate household" and then the first entry directed the

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person to list his or her own business interests. The change involved inserting the phrase "immediate household" in the directions for the first entry so that it would be consistent with the general directions, as well as the DPM and regulations.

To train employees regarding the change would have confused most filers, because the change was merely making the form consistent with existing law.

Recommendation #10: We agree that agency counselors should report changes after June 15, because we see the reporting to be a year long process. Any changes in the information filed should be reported immediately and entered on the form. The conflicts are never completely resolved due to the changing nature of an employee's financial interests and assignments at work

Recommendation #11: All monitoring and enforcement of requirements by the Ethics Counselors should improve significantly through the increased communication with the agency ethics counselors.

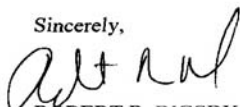
Recommendation #12: Once DPM 18 Part II is revised, we will immediately require the agency ethics counselors to make them available to designated employees.

Recommendation #13: We plan to improve our training of agency ethics counselors to specifically include guidance regarding the forms for designated employees.

Recommendation #14: Upon completion of the development of clear directions for the forms, we will begin to cover the subject in training, particularly near the time the forms should be filed.

We propose to report back to you by September 30, 2001. The following actions should be completed: (1) the training of agency ethics counselors (June 13 and 20); and (2) at least three monthly meetings of the agency ethics counselors.

Sincerely,



ROBERT R. RIGBY
Corporation Counsel

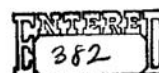
PAR/par

EXHIBITS

EXHIBIT 2: RESPONSE TO RECOMMENDATION 2 FROM THE OFFICE OF PERSONNEL

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF PERSONNEL

02 JUN - 5 AM 9:33



June 3, 2002

Mr. Charles C. Maddox, Esq.
Inspector General
Office of the Inspector General
717 14th Street, N.W., Fifth Floor
Washington, D.C. 20005

Dear Mr. Maddox:

On Friday, May 24, 2002, staff from the D.C. Office of Personnel (DCOP) met with Russell J. Symons and James B. Gilmore of your staff, to discuss the draft report summarizing your office's review of the Division of Transportation's financial disclosure statements, time and attendance practices, and the administration of certain consulting service contracts. The report also addresses "systemic problems" with the District's financial disclosure system pursuant to Chapter 18 of the D.C. personnel regulations found by your office. At the meeting we were provided a partial copy of the draft report and asked to respond to any recommendations addressed to the DCOP by close of business Friday, May 31, 2002.

Our review of the document revealed that, among the 14 recommendations contained in the portion of the draft report provided by your office, only Recommendation 2 is directly addressed to the DCOP.

Recommendation 2: *"We recommend that the DCOP Director coordinate, with the D.C. Ethics Counselor and the Deputy Mayor/City Administrator, revisions to DPM Part II to update the procedures."*

DCOP Response. *"The Director of DCOP agreed with the finding and recommendation." DCOP will perform a thorough review of Chapter 18, Part II, to correct any conflicting information. It also plans to research Federal guidelines on how to review the financial disclosure form and coordinate with the D.C. Ethics Counselor on the results of their review and projected changes.*

Because DCOP was going through a reengineering, which was to include a complete review of Chapter 18, DCOP intended to issue the changes through an instruction in Part III of Chapter 18."

441 4th Street, N.W., Suite 300S, Washington, D.C. 20001

EXHIBITS

EXHIBIT 2: RESPONSE TO RECOMMENDATION 2 FROM THE OFFICE OF PERSONNEL

Mr. Charles C. Maddox, Esq.
June 3, 2002
Page 2

As requested, we contacted Mr. Symons on Friday to provide our response to the recommendation addressed to the DCOP. Our response is summarized below:

The review of Chapter 18 was conducted. Revised procedures for Part II of Chapter 18 of the DPM were issued on May 14, 2002 (Transmittal Sheet Number 84, copy enclosed) and copies of the transmittal have been mailed to all subscribers to the District Personnel Manual (DPM). In reviewing the procedures, the DCOP consulted with the D.C. Ethics Counselor and provided her with the draft of Subpart 3, Procedures Governing Statements of Employment and Financial Interests, for review and comment.

While the DCOP had stated that the revised procedures would be issued as an "instruction in Part III of Chapter 18" the procedures were issued in Part II instead (the reengineering of the DPM is ongoing).

General

The DCOP will continue to work with the D.C. Ethics Counselor to adopt any additional changes to Chapter 18 deemed necessary (i.e., Recommendations 10 and 14; and the Corporation Counsel's response to Recommendation 14 stating that the D.C. Ethics Counselor will develop clear directions for the D.C. Form 35).

If you have any questions regarding this matter, please call me at 442-9600 or have your appropriate staff person contact [REDACTED], Policy Manager, at 442-[REDACTED]

Sincerely,



Milou Carolan
Director of Personnel

Enclosure

MC/jvp

EXHIBITS


EXHIBIT 3: RESPONSE TO MAR NO. 01-A-09 FROM THE DEPARTMENT OF PUBLIC WORKS

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF PUBLIC WORKS



Office of the Director

May 29, 2001

Charles C. Maddox, Esq. 
Inspector General
Office of the Inspector General
717 14th Street, N.W.
Washington, D.C. 20005

**Re: Management Alert Report
(MAR No. 01-A-09)**

Dear Mr. Maddox:

This is written in response to the above-referenced Management Alert Report regarding the Department of Public Works (DPW), District Division of Transportation's compliance with and the District-Wide monitoring and enforcing of ethics regulations.

As you may know, DPW has been in the process of reorganizing and in transition for approximately a year. During this time, DPW has been without a General Counsel and as such, the official designation of an Ethics Officer fell through the cracks. On February 8, 2000, I was named by the Mayor as DPW Director and was confirmed by the Council on May 1, 2001. I appointed Sherrie D. Clayborne as DPW's Ethics Counselor on April 5, 2001. Ms. Clayborne received ethics training from Polly Rich, D.C. Ethics Counselor on May 9, 2001 and will receive additional training in June 2001.

I have designated 114 employees to complete the Confidential Statement of Employment and Financial Interests (DC Form 35) for Calendar Year (CY) 2001. DPW senior staff were instructed to provide a copy of DC Form 35, along with the relevant section of the District Personnel Regulations regarding employee conduct, to each designated employee within their administrations and advise each employee to file DC Form 35 with DPW's Ethics Counselor by May 15, 2001.

Currently, 65 out of the 114 designated employees have complied with the filing deadline. On May 24, 2001 a notice was e-mailed to each DPW senior official advising them to remind employees of the requirement to file DC Form 35. DPW intends to issue follow-up notices and

2000 14th Street, N.W., Washington, D.C. 20009 (202) 673-6833

EXHIBITS

EXHIBIT 3: RESPONSE TO MAR NO. 01-A-09 FROM THE DEPARTMENT OF PUBLIC WORKS

Charles C. Maddox
Response to MAR 01-A-09
Page 2

will ensure that those employees who fail to file by June 15, 2001 are appropriately disciplined in accordance with Chapter 16 of the District Personnel Regulations.

The DPW Ethics Counselor is in the process of reviewing the statements and will properly evaluate each form to determine whether any actual or apparent conflicts of interest or reporting deficiencies exist. In the event any potential or actual conflicts are indicated, Ms. Clayborne will meet with employees to discuss and resolve such issues and provide them with an opportunity to amend their forms. In addition, Ms. Clayborne will note any and all reporting deficiencies and ensure that employees are reminded of their responsibility to fully comply with the District's disclosure requirements.

DPW believes that the proper training of designated employees will resolve many of the issues regarding compliance with the District's disclosure requirements. DPW will ensure that designated employees are properly trained, every two years and advised of their requirement to update their financial disclosure statements within ten days of acquiring new financial interests. With respect to new employees who assume designated positions, DPW will ensure that such employees are advised to file a DC Form 35 within ten days of employment. The DPW Ethics Counselor will work with DPW's Office of Administrative Services to keep track of new employees and ensure that such employees are properly trained upon being hired.

DPW recognizes that there is a need to establish certain controls in order to maintain the integrity of the District's financial disclosure system. Since approximately ten percent (10%) of DPW's employees hold positions that involve "policy-making, contracting, or purchasing functions, or functions in which meaningful decisions are made respecting private organizations", it is necessary for DPW to monitor designated employees' compliance with financial disclosure requirements and ensure that employees understand that this is an ongoing process, not something that is limited to May 15th of every year.

Should you have any questions, please feel free to contact me at 671-1570 or [REDACTED], Attorney-Advisor and Ethics Counselor at 671-[REDACTED]. Thank you for your time and consideration.

Sincerely,



Leslie A. Hotaling
Director

LAH/sdc

EXHIBITS

EXHIBIT 4: FINAL RESPONSE FROM THE OFFICE OF THE CORPORATION COUNSEL

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CORPORATION COUNSEL



Corporation Counsel

August 20, 2002

The Honorable Charles C. Maddox, Esq.
Inspector General
Office of the Inspector General
717 14th Street, N.W., Fifth Floor
Washington, D.C. 20005

Dear Mr. Maddox:

This letter responds to your request for the comments of this Office on the draft report, dated July 23, 2002, which follows issuance last year of a Management Alert Report (MAR No. 01-A-09) dated May 9, 2001. The July 23, 2002 draft report summarizes the results of the Office of Inspector General Audit of Selected Functions at the District Department of Transportation, OIG No. 01-2-16KA. The draft report also addresses the enforcement of the District's financial disclosure system pursuant to Title XVIII of the District of Columbia Comprehensive Merit Personnel Act of 1978 (the "CMPA"), D.C. Law 2-139, effective March 3, 1979, D.C. Official Code § 1-618.1 *et seq.* (2001), and the implementing regulations in Chapter 18 of the D.C. Personnel regulations.

Recommendation #1 of the MAR Alert recommended that the appointment delegation to the Ethics Counselor be revised to include clear guidance on monitoring and enforcing agency compliance with the DPM and that additional resources for the Ethics Counselor be provided for this purpose.

In response to this recommendation, we commented that it was not necessary to include the Ethics Counselor duties in the OCC office order appointing her. An office order is not the appropriate vehicle to delineate job responsibilities. We do agree that, for evaluation of performance, a description of the functions of the Ethics Counselor should be included in a position description for the Assistant Corporation Counsel who holds that position, since the Ethics Counselor spends a substantial amount of time performing this function.

At the same time, we intend to engage in discussions with the Office of the Mayor and the Office of Personnel about enforcement responsibilities under the ethics program to determine the most effective method for meeting the regulatory requirements. We propose reporting back to you by October 30, 2002 regarding the fruits of our efforts.

The draft report does not completely reflect what we view as significant improvements that have been made in the ethics program, which are described in the comments below.

1350 Pennsylvania Avenue, N.W., Suite 409, Washington, D.C. 20004 (202) 724-1520

EXHIBITS

EXHIBIT 4: FINAL RESPONSE FROM THE OFFICE OF THE CORPORATION COUNSEL

Charles C. Maddox, Esquire
August 19, 2002
Page 2 of 3

1. Since May, 2001, the Ethics Counselor has conducted two training sessions for agency ethics counselors, but on page 9, the draft report states that "the D.C. Ethics Counselor has not prescribed any training for agency ethics counselors since September 1998, i.e. 30 months." This is not an accurate statement as of the date of issuance of this draft report, July 23, 2002. The range of materials provided to agency ethics counselors at the 2001 training, which was also provided to investigators is also not reflected in the report. The draft report also does not take into account the several ethics counselor meetings that she has conducted since June 2001. This training included discussion of Form 35, as did an individual meeting with ethics counselors.

2. The Ethics Counselor used the additional ethics counselor meetings since June 2001 to focus on more discrete issues. During these meetings the Ethics Counselor discussed among other issues, Form 35, donations to the District, interaction between the government and nonprofit entities, and a memorandum on payment of travel expenses. Of late, there has been a period when no meetings have been held, but the Ethics Counselor intends to reconvene meetings in the Fall of 2002.

3. Since June 2001, the Ethics Counselor has also conducted over 20 ethics training sessions at agencies across the District government. This has included training of the entire Cabinet and the entire staff of the Executive Office of the Mayor, including the staff of the Deputy Mayors. Training for the Cabinet and the Executive Office of the Mayor included a component on Form 35, which was part of the training materials. The Ethics Counselor also provided additional instruction at the Cabinet meeting to try to eliminate the confusion about Form 35 and the Campaign Finance Disclosure Statement.

4. With the assistance of the Office of the City Administrator, the Ethics Counselor distributed Form 35 to all agency heads and included a memo to the director on designating each employee required to file this form, a notice to be sent to the employee by the agency explaining the employee's rights, a new instruction sheet for the form, and a copy of the pertinent regulations. A copy of that information is attached to this letter. These and the other training efforts described above have been omitted from the draft report, although the investigators indicated that they were aware of the instruction materials.

5. Page 10 of the draft report, notes that the Ethics Counselor has no staff and that she therefore may have insufficient resources to adequately carry out her monitoring and oversight function. Then, on page 6, the report states "Notwithstanding the resources available, the D.C. Ethics Counselor did not analyze documents that agencies provided or take action to obtain documentation from agencies that failed to provide required reports." Since there is a lack of resources, as noted on page 10, the statement on page 6 is inconsistent and erroneous in suggesting that there are more than enough resources. We assume this was an error in phrasing, because it conflicts with other statements in the report about the lack of resources. We recommend that the inconsistency be corrected.

EXHIBITS

EXHIBIT 4: FINAL RESPONSE FROM THE OFFICE OF THE CORPORATION COUNSEL

Charles C. Maddox, Esquire

August 19, 2002

Page 3 of 3

If you have any questions, please call Polly Rich, Assistant Corporation Counsel, Ethics Counselor, D.C., at 724-5561, or me at 724-1520. Thank you for this opportunity to comment on the draft report.

Sincerely,

A handwritten signature in black ink, appearing to read "Arabella W. Teal". The signature is fluid and cursive, with the first name being the most prominent.

ARABELLA W. TEAL
Interim Corporation Counsel

AWT/par
(AL-01-317B)

EXHIBITS

EXHIBIT 5: FINAL RESPONSE FROM THE OFFICE OF PERSONNEL

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF PERSONNEL



August 16, 2002

Charles C. Maddox, Esq.
Inspector General
Office of the Inspector General
717 - 14th Street, N.W.
Washington, D.C. 20005

Ref: OIG Number 01-2-16KA

Dear Mr. Maddox:

This is reference to your letter of July 23, 2002, and the draft report summarizing the results of the Audit of Selected Functions at the District Department of Transportation, and Management Alert Report No. 01-A-09.

You have acknowledged that the D.C. Office of Personnel ("DCOP") has satisfied the intent of your recommendations by revising Chapter 18, Part II of the District Personnel Manual. The DCOP will continue to coordinate with the D.C. Ethics Counselor on any future revisions to the disclosure regulations and procedures in Chapter 18.

Sincerely,

A handwritten signature in black ink, appearing to read "Milou Carolan".

Milou Carolan
Director of Personnel

MC/cmw

EXHIBITS

EXHIBIT 6: FINAL RESPONSE FROM THE DISTRICT DEPARTMENT OF TRANSPORTATION

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF TRANSPORTATION



Office of the Director

September 5, 2002

Charles C. Maddox, Esq., Inspector General
Office of the Inspector General
717 14th Street, NW.
Washington, DC 20005

**Re: Response To Draft Audit Report "Audit of Selected Functions at the District
Department of Transportation" (OIG No. 01-2-16KA)**

Dear Mr. Maddox:

This is a response to the subject report regarding the audit of selected functions at the District Department of Transportation (DDOT). After undertaking a thorough investigation into these matters, and instituting new policies and procedures, we have addressed the specific recommendations set forth in your letter.

The Inspector General's (IG) audit implicated two Infrastructure Project Management Administration (IPMA) activity areas namely, Plant Inspection and Administration of Contracts for Consultants and Expert Services. Our review of the IG draft report revealed that Recommendations 15-22, as set forth in Findings 2 and 3, are directly addressed to DDOT.

FINDING 2: CONTROLLING TIME AND ATTENDANCE

DDOT Response to Recommendation 15. DDOT concurs with the recommendation. Effective April 1, 2002, DDOT has discontinued the use of IPMA personnel to conduct plant inspections. An outside contractor is responsible for maintaining a quality control process and must submit all records related to the contracted work to DDOT on a daily basis.

DDOT Response to Recommendation 16. DDOT concurs with the recommendation, and effective April 1, 2002, has ceased to use the process that was examined in this audit. DDOT has discontinued the issuance of plant tickets for internal plant inspection, effective April 1, 2002. In its place DDOT has instituted a contractor process quality control that requires that contractors submit a quality control plan to DDOT prior to material mix design approval. The process requires the submission of contractor inspection records, which includes the nature and number of tests conducted, the number of deficiencies found, the quantities approved or rejected, and the nature of correction action taken. This documentation becomes the property of DDOT upon completion of the work.

EXHIBITS

EXHIBIT 6: FINAL RESPONSE FROM THE DISTRICT DEPARTMENT OF TRANSPORTATION

DDOT Response to Recommendation 17. DDOT concurs with the recommendation, and effective April 1, 2002 has discontinued the use of plant tickets. As part of the new contractor procedures that were introduced on April 1, 2002, contractors are required to certify all materials prior to shipping.

DDOT Response to Recommendation 18. DDOT concurs with the recommendation, and effective April 1, 2002, DDOT has discontinued the use of IPMA personnel to conduct plant inspections. Furthermore, the agency has discontinued the use of plant tickets. As part of the new contractor procedures that were introduced in April 1, 2002, regular off-site inspection is no longer a function provided by DDOT.

DDOT Response to Recommendation 19. DDOT concurs with the recommendation. Effective April 1, 2002, DDOT has instituted a process for pre-approving overtime, which requires that requests must go through the Chief Engineer.

FINDING 3: ADMINISTERING CONTRACTS FOR CONSULTANT AND EXPERT SERVICES

DDOT Response to Recommendation 20. DDOT concurs with this recommendation, and has discontinued activities described in findings #3: Administering Contracts for Consultant and Expert Services, effective August 1, 2001. In addition, DDOT contracting officer is developing and distributing, in coordination with the DDOT Training and HR Coordinator, approved documentation of duties and responsibilities for contract administrators. DDOT has always maintained a standing practice of including the contract administrators' name on contract documents.

DDOT Response to Recommendation 21. DDOT concurs with this recommendation, and has initiated a program to require that all DDOT contract administrators attend the Contracting Officer Technical Representative (COTR) training conducted by the District of Columbia Office of Contracting and Procurement (OCP). Between May 2001 and August 2002, 35 DDOT personnel have attended this training, including all DDOT Project Team Leaders.

DDOT Response to Recommendation 22. DDOT concurs with this recommendation, and DDOT, as a standing practice, has included the contract administrators name on contract documents. By January 2003, contracts will make reference to the responsibility of contract administrators to conduct quality reviews.

Documents detailing our new processes are hereby attached.

Sincerely,


Dan Tangherlini
Acting Director

Chief of Staff

EXHIBITS

EXHIBIT 7: FINAL RESPONSE FROM THE DEPARTMENT OF PUBLIC WORKS

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF PUBLIC WORKS



Office of the Director

September 11, 2002

Charles C. Maddox, Esq.
Inspector General
Office of the Inspector General
717 14th Street, N.W.
Washington, D.C. 20005

**Re: Management Alert Report
(MAR No. 01-A-09)**

Dear Mr. Maddox:

This is written in response to an inquiry from Mr. James Elmore of your office regarding the above-referenced Management Alert Report. Mr. Elmore contacted the Department of Public Works' Office of the General Counsel on September 9, 2002 to inform the Department that our response to the above-referenced Management Alert Report lacked target dates for implementation of recommendations.

Since the Department responded to the Management Alert Report in May of 2001, there has been a staff change in the Office of the General Counsel. The Department's Attorney-Advisor and Ethics Counselor, Ms. Sherrie D. Clayborne, left the department in March of 2002. Ms. Christine V. Davis assumed the position of Attorney-Advisor and Ethics Counselor and will implement the changes recommended in the report. Ethics training has not been conducted for Ethics Counselors since Ms. Davis joined the department in June of 2002. Ms. Davis has met with Polly Rich, the District's Ethics Counselor, and discussed the responsibilities of ethics counselors. Ms. Davis also intends to attend any training offered.

Regarding a timeline for recommendations 4 and 6, the Department will begin conducting the training for all employees required to complete the Confidential Statement of Employment and Financial Interests (DC Form 35) in January 2003. This will allow Ms. Davis to complete her ethics training and prepare training for employees required to complete DC Form 35. Ms. Davis will also work with the Office of Administrative Services to begin training newly hired employees designated to complete DC Form 35 in January of 2003.

2000 14th Street, N.W., Washington, D.C. 20009 (202) 673-6833

EXHIBITS

EXHIBIT 8: SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

Recommendation	Description of Benefit	Monetary Benefit
1 through 2	Compliance and Internal Control. Benefit arises from increased monitoring and others controls to ensure greater District-wide compliance with ethics regulations.	Nonmonetary.
3 through 7	Compliance and Internal Control. Benefit arises from increased compliance with ethics regulations at DPW/DDOT.	Nonmonetary.
8 through 14	Compliance and Internal Control. Benefit arises from increased District-wide controls to ensure compliance with the financial disclosure process.	Nonmonetary.
15 through 19	Compliance and Internal Control. Benefit arises from increased timekeeping controls at DDOT that reduce the risk of fraudulent or unauthorized overtime.	Nonmonetary.
20 through 22	Compliance and Internal Control. Benefit arises from improved contract administration.	Nonmonetary.